

Minutes of the Rio Nuevo Multipurpose Facilities District Board

September 12, 2001 at the Tampa Room of the Radisson Hotel Downtown, 181 West Broadway, Tucson, Arizona

1. Roll Call

Chair Suarez called the meeting to order at 6:00 pm. Alice Eckstrom, Corky Poster and Ruben Suarez, Olivia Hernandez. Staff of William Hicks, Counsel to the Board, Kay Gray, District Treasurer, John Jones, Project Director, John Updike, Project Manager, Frank Cassidy of the City Attorney's Office, Karen Masbruch, Office of Environmental Management Director, and Marty McCune, Historic Program Administrator of the City.

2. Approval of Minutes of June 12, 2001

Olivia Hernandez moved, Corky Poster seconded, to approve the June 12, 2001 minutes. Motion approved unanimously, 12-0

3. Award of Civil Engineering Contract

Mr. Jones reviewed the staff recommendation to approve an award to Tetra Tech in an amount not to exceed \$500,000. Ms. Eckstrom asked as to why the full list of applicants was not provided to the Board. Mr. Jones explained that the District follows the Procurement process as established by the City of Tucson's Procurement Code, which precludes the full disclosure of all matters related to the selection process to be released prior to the recommendation being tendered. *Mr. Poster moved approval of the contract, and Ms. Eckstrom seconded the motion. Motion approved unanimously (12-0).*

4. Support of HUD Empowerment Zone Application

Mr. Jones reviewed the agenda materials on behalf of the Office of Economic Development of the City, unable to attend this evening's meeting. Mr. Jones, in response to Mr. Poster, stated that tax credits can be made available to certain qualified employers within the District & Zone, as well as the availability in up to \$130,000,000 in tax-exempt bonds that the City would be enabled to issue. Mr. Poster noted that the land west of I-10, within the District boundary, would not be included in the proposed zone. *Mr. Poster moved that the Board Chair be authorized to sign the support letter presented by staff. Ms. Eckstrom seconded the motion. Approved unanimously, 12-0.*

5. Status of Public Relations RFP

The selection committee first meets to review the 12 applicants submitting for the contract in the following week. There were no questions regarding this matter, and no action taken.

6. Mission Gardens IGA-Pima County & City of Tucson

Mr. Jones reviewed the information provided in the agenda package regarding the IGA. Mr. Poster asked about the project background. *Ms. Eckstrom moved approval of the IGA as presented, Corky Poster seconded the motion. Motion approved unanimously 12-0.*

7. Acquisition of 26-72 E. Congress Street/20 N. Scott Ave.

Mr. Jones informed the Board that the appraisals are underway at this time, and that information will be provided to the Board at the next meeting. Mr. Jones responded to the Chair regarding the expected future costs of rehabilitation, indicating that the property will be made available to the private sector for development, and thus rehabilitation. Mr. Poster asked about the level of market interest. Mr.

Jones indicated that there are two existing tenants who desire to remain in the property, and that a number of phone calls have been received inquiring as to the availability of the property. Mr. Poster asked as to the process of determining the market demand for the proposed development, and Mr. Jones indicated that the appraisal process may address much of that issue.

8. Acquisition of the TCC from the Business Development Finance Corporation

Ms. Gray outlined the background as to the need for this item, as it relates to the Rio Nuevo Project and the development of the Primary Component within the Tucson Convention Center (TCC). Ms. Gray suggested that on the advice of counsel and the financial advisor, it is most appropriate to address the financing matters related to the facility, as well as the necessary change in ownership, simultaneously, at this juncture. Mr. Poster asked as to the term of the bonds. Ms. Gray responded that this is a refinancing of bonds that mature in 2012. Ms. Gray responded to Mr. Poster that this proposal essentially has the District taking the position of the Business Development Finance Corporation (BDFC) relative to the encumbrance against the property. Mr. Hicks responded to a question from Mr. Poster regarding the need for this action relative to the statutory requirements of the District's project implementation that this action is a necessary part of the process. Ms. Gray indicated, in response to Mr. Poster's question, that the City, as the lessee under the proposal, is expected to fully indemnify the District with respect to operations of the TCC. The current agreement with the BDFC has similar provisions to protect the BDFC. Mr. Poster moved that the District authorize the proper documentation for the acquisition of the Tucson Convention Center, seconded by Ms. Eckstrom. Motion approved unanimously, 12-0.

9. Approval of University of Arizona Design Studio Services Agreement

Mr. Poster abstained from discussion of this matter. Mr. Jones reviewed the materials in the agenda package. Mr. Cassidy noted concerns of the City Attorney's Office relative to the use of the Design Studio services toward housing activities, given that there are no specific provisions in enabling statutes permitting the use of District funds for housing ventures. *Ms. Eckstrom moved, and Ms. Hernandez seconded a motion to approve the agreement as presented. Motion approved 7-0 (Mr. Poster abstaining from the discussion and vote due to a possible conflict of interest).*

10. Status of the RFP for Aquarium

Mr. Jones summarized activities to date regarding the existing RFP currently issued by the District. Mr. Poster reviewed the Citizen's Advisory Committee (RNCAC) discussion of this item at their September 5, 2001 meeting. A motion failed 2-13 to include RNCAC members on the reviewing committee when responses to the RFP are received and placed under review. Mr. Poster stated he heard a concern from the RNCAC that the Committee felt that their role in the process was questionable. Mr. Poster asked that staff discuss with the City's Procurement Director whether there might be other ways to involve the RNCAC in the procurement process in a meaningful way.

11. Status of Acquisition of Citizen Auto Stage

Mr. Jones reviewed the agenda materials with the Board, and stated that while discussions regarding a possible exchange are progressing, there is the chance that an outright acquisition of the property may be necessary, possibly under the threat of condemnation. It is recommended that District monies be used in order to accomplish a transaction. Mr. Jones, at the request of Mr. Suarez, outlined the obstacles to successfully consummate a transaction with the ownership at Citizen's Auto Stage. No action was taken at this time.

12. Status of the Environmental Pilot Project

Ms. Masbruch outlined the status of the project. During the pilot phase staff encountered elevated temperature readings, but that situation has been remedied. The project is progressing as expected. The pilot area is 50 feet by 50 feet in area. The aquifer protection permit issued is valid for a period of 2 years. Mr. Poster asked what the cause of the temperature increases was. External factors causing the increase were modified to reduce the increase in temperature. There are 32 temperature monitoring probes in operation at this time. Ms. Masbruch indicated that soil samples were taken to insure that no toxic materials were involved in this project. Those soil samples found fill, wood materials, and some limited construction debris.

13. Next Meeting

Wednesday October 10, 2001 at 6:00 pm at the Radisson Hotel is the next scheduled meeting. A full meeting list was provided in the agenda package.

14. Future Agenda Items

Mr. Poster requested the following items: What projects, and in what order, are proposed for the entire program? Mr. Poster requested a comprehensive flowchart of projects and activities for the Rio Nuevo Project. Mr. Jones indicated that staff could provide that.

Mr. Poster indicated that the Chair's term previously expired, and asked that consideration be given to renewing the Chair's term for an additional 2 years. The Chair asked that he discuss that matter with Mr. Jones. Mr. Poster asked about a long-term governance structure for the District and its operations, and the status of that discussion. That issue will be brought before the Board, as requested.

15. Call to the Audience

Mr. Fernando Castro indicated disappointment that there is no indication in the recently issued promotional brochures that South Tucson is a partner in the project.

16. Adjournment

Ms. Hernandez moved for adjournment at 7:10 pm, seconded by Ms. Eckstrom and unanimously approved.